



Main Line 803-737-0800 Legal Department: 803-737-0877

FLORENCE P. BELSER GENERAL COUNSEL

February 22, 2005

Mr. Charles L.A. Terreni Chief Clerk/Administrator South Carolina Public Service Commission 101 Executive Center Dr., Suite 100 Columbia, SC 29210

Re:

Application of Midlands Utility, Inc. for an approval of New Schedule of Rates and Charges for Sewage Service provided to its customers in Richland, Lexington, Fairfield and Orangeburg Counties.

PSC Docket No.: 2004-297-S

Dear Charles:

Enclosed for filing please find the original and twenty-six (26) copies of the Surrebuttal Testimony of the following Office of Regulatory Staff Witnesses: Willie J. Morgan, Dawn M. Hipp and Roy H. Barnette in the above referenced matter. Please date stamp the extra copy enclosed and return it to me via our courier.

Please let me know if you have any questions.

Sincerely,

Wendy B. Cartledge
Wendy B. Cartledge

WBC/cc Enclosures

cc:

Charles Cook, Esquire

BEFORE

THE PUBLIC SERVICE COMMISSION

OF SOUTH CAROLINA

DOCKET NO. 2004-297-S

IN RE: Application of MIDLANDS)	
UTILITIES, INC. for an Approval)	
Of New Schedule of Rates and)	
Charges For Sewage Service)	CERTIFICATE OF SERVICE
Provided to its Customers in)	
Richland, Lexington, Fairfield and)	
Orangeburg Counties.)	
	_)	

This is to certify that I, Cindy Clary, an employee with the Office of Regulatory Staff, have this date served one (1) copy of the Surrebuttal Testimony of Willie J. Morgan, Dawn M. Hipp and Roy H. Barnette in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

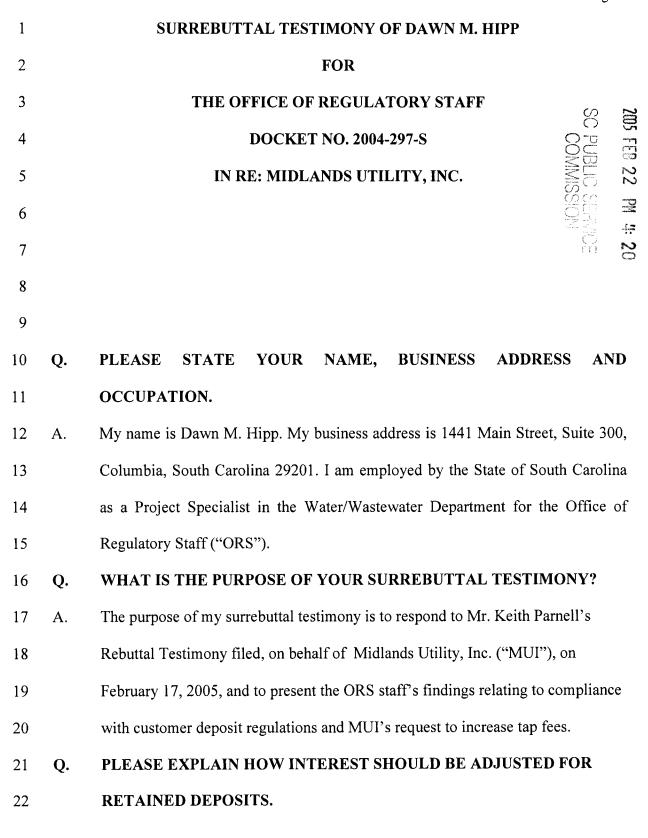
Charles Cook, Esquire
Elliott & Elliott, P.A.
721 Olive Street
Columbia, South Carolina 29205

Cindy Clary

Cindy Clary

February 22, 2005 Columbia, South Carolina

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A.

A.

The Commission, under Order 2003-593 dated October 2, 2003, adjusted the
interest rate for customer deposits from 8% to 3.5% effective January 1, 2004.
However, interest for those customers where MUI has retained deposits prior to
December 31, 2003, will be due and payable at 8%. According to the books and
records of MUI, the Customer Deposit account had a balance of \$56,586 as of
December 31, 2003. I have recommended that MUI review all customer deposit
accounts by the close of fiscal year 2004-2005 and, if the account is found not to
meet the deposit retention criteria indicated in 103-531.5, adjust/refund each
deposit plus proper accrued interest to the customer. In addition, MUI shall
review all deposit customer accounts and adjust/refund proper accrued interest for
those accounts where it is acceptable to continue to retain the deposit. Accrued
interest on customer deposits is payable to each customer at least every two years
and at the time the deposit is returned. Due to the length of time that MUI has
retained some customer deposits, the company will be required to adjust/refund
proper interest at both the 8% and 3.5% interest rates.

Q. DID MUI PROVIDE PROPER COST JUSTIFICATION FOR THE PROPOSED INCREASE IN CUSTOMER TAP FEES?

MUI has not provided any cost justification for the proposed increase in customer tap fees. It is acceptable to request an increase to these fees; however, per Commission regulations, MUI must include in its application an exhibit setting forth all cost criteria justifying the tap fee. The Commission has stated proper cost justification includes labor costs, material costs and miscellaneous costs as

- required by 26 S.C. Code Regs. 103-512.4.A.9. This justification, or information,
 was not provided in the Application or in response to ORS's data request.

 DOES THAT CONCLUDE YOUR SURREBUTTAL TESTIMONY?
- 4 A. Yes it does.

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